

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – In-House Actuarial Meeting
November 17, 2015 – 9:00 a.m.

DRAFT COPY – NOT YET APPROVED BY BOARD

VSERS Members present:

Roger Dumas, Chairperson, VRSEA Representative (term expiring September 1, 2016)
Allen Blake, VRSEA Alternate Representative (term expiring September 1, 2016)
Jeff Briggs, VSEA Representative (term expiring September 1, 2016)
Maribeth Spellman, Commissioner of Human Resources (ex-officio)
Andy Pallito, Commissioner of Finance & Management (ex-officio)
Jay Wisner, Governor's Delegate position
Stephen Wisloski, Deputy Treasurer, representing Treasurer Pearce

Members absent:

Thomas Hango, Vice-Chairperson, VSEA Representative (term expiring September 1, 2016)
Judy Rosenstreich, VSEA Representative (term expiring September 1, 2017)
Jean-Paul Isabelle – VSEA Alternate Representative (term expiring September 1, 2017)
Elizabeth Pearce, VT State Treasurer

Also attending:

Laurie Lanphear, Director of Retirement Operations
Joshua McCormick, Assistant to Nancy Dimick
John Booth, Director of Treasury Operations
Katie Green, Investments Manager
Karl Kroner, Empower Retirement
Chip Sanville, Empower Retirement

The Chairperson, Roger Dumas, called the November 17, 2015, conference call meeting to order at 9:01 a.m., which was held in the Governor's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

Introductions were given to Andy Pallito, who replaced Jim Reardon as the commissioner of Finance and Management.

ITEM 1: Approve the Minutes of:

- **October 29, 2015**

On motion by Mr. Briggs, seconded by Mr. Wisner, the Board voted unanimously to approve the minutes of October 29, 2015 as submitted.

ITEM 2: Empower Retirement Quarterly Report

Mr. Kroner presented to the board the latest quarterly results for the VSERS 457 Retirement plan (7/1/15 – 9/30/15). Total Assets are \$378.77 million, which is a 1.5% decrease from a year ago. There are currently 6,932 participants with an average account balance of \$54,641. Mr. Kroner then discussed findings for Average Participants by Age Group, Participants and Contributions of Roth vs Regular, Contribution History, Percentage of Contributions by Asset Class, Benefit Payment Distribution, and Fund Performance. Mr. Wisloski requested an outlook rating be added to the columns on pages 41 and 42 of the quarterly report. Mr. Kroner will add this on the next quarterly report.

The board discussed with Mr. Kroner about having an annuity as an available option to members. Mr. Wisloski gave a presentation on this to the board at a previous meeting. Now that there are new members to the board, they would like to revisit this option. Mr. Wisloski, Ms. Green, and Mr. Kroner will gather information to be presented at the next In-House meeting.

Mr. Sanville went over the field activity for the last quarter for the 457 plan for VSERS. There were 13 group meetings held, 431 appointments, 65 new enrollments, 66 people have increased their contributions, and received \$567K in roll-ins.

Mr. Sanville gave an overview of the SDIA plan. The plan has reduced by \$1.33 million this quarter and 7 percent in the last year. There are still 1,452 participants in the plan. There are no participants under the age of 49, and 75% of the participants are over the age of 65. Mr. Wisloski asked if there could be data showing the number of participants who are over 65 and number of participants are over the 70½ threshold. Mr. Kroner stated this is something they can work on.

Mr. Pallito, Mr. Kroner, and Mr. Sanville left the meeting.

ITEM 3: VSERS Fiscal Year 2017 Budget Overview

Mr. Booth discussed with the board the VSERS FY' 17 budget overview and breakdown of categories: Investments, Agency Support, Third Party Support, Benefits, and Office and Administrative Support. He stated that health insurance accounts for 90% of the budget. The total VSERS budget for FY' 17 is \$43,160,010.

On motion by Mr. Briggs, seconded by Mr. Wisner, the board unanimously voted to accept the Draft budget as presented.

ITEM 4: **Discuss/act on disability retirement recommendation for:**

- Penny Lee

On motion by Mr. Briggs, seconded by Mr. Wisner, the Board voted unanimously to accept the recommendation of the MRB to allow the disability retirement for Penny Lee, with no review.

ITEM 5: **Contract for ICMA-RC**

Mr. Wisloski stated to the board that the contract between ICMA-RC, VSERS, and VSTRS expires on 11/30/2015. The Treasurer's Office recommends extending this contract by up to 5 years. The rationale is that the SDIA, which has been closed to new investments since 1981, is a trust of just over \$50 million, with balances declining by approximately \$6 million annually, and is unlikely to attract bidders to provide investments for the Treasurer's Office to release a RFP. Further, the VantageTrust PLUS Fund has provided superior performance for a stable value fund, with monthly returns averaging 2.58% in 2013, 2.38% in 2014, and 2.34% for the first 10 months of 2015. Comparable funds provide returns well below 2%.

ITEM 6: **Renewal of Delta Dental Contract**

The Delta Dental benefit has no cost to the state retirement plan as rates and administrative payments are made in full by members. Ms. Lanphear stated Delta Dental has agreed to not increase rates from the previous year.

ITEM 7: **Renewal of Michael Zimmerman/Disability Hearing Contract**

Mr. Wisloski discussed with the board the need to extend Mr. Zimmerman's disability hearing officer contract for another year with the possibility of getting an additional hearing officer in the future.

On motion by Mr. Briggs, seconded by Mr. Wisner, the board unanimously voted to authorize the Treasurer's Office to extend the ICMA contract for the Stable Value Plan through 11/30/2020, to extend the waiver for Delta Dental through 12/31/2016, and to extend the Michael Zimmerman contract for disability hearing officer through 12/31/2016.

ITEM 8: **Disability Retirement Update**

Ms. Lanphear stated to the boards that the income verification letters were mailed out to the disability retirement members and the deadline to return them to the retirement office is December 7th. Mr. McCormick stated the retirement office has received 40-50 completed forms from members.

ITEM 9: Any other business to be brought before the board

Mr. Dumas stated that he has heard on the radio, the issue of divestiture. Mr. Wisloski affirmed the Treasurer's Office's position.

On behalf of the board, Mr. Dumas thanked Mr. Wisloski for all his service and contributions as Mr. Wisloski will be leaving the treasurer's office as of 12/31/15.

ITEM 10: Adjournment

On motion by Mr. Briggs, seconded by Mr. Wisner, the Board unanimously voted by roll call to adjourn at 10:55 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is a conference call meeting for December 10th, 2015.

Respectfully submitted,

Nancy Dimick
Secretary to the Board